

HOUSING AUTHORITY OF GRAYS HARBOR COUNTY
Grays Harbor County, Washington
January 1, 1993 Through December 31, 1993

Schedule Of Federal Findings

1. Eligibility Documentation Was Falsified

The Housing Authority of Grays Harbor County has adopted policies which allow veterans preferential treatment in obtaining low rent housing. An employee of the housing authority falsified Department of Defense forms (DD-214s) to qualify her children for veterans' preference. This allowed them to move to the front of the waiting list and obtain subsidized housing earlier than they would have otherwise. The employee has been fired and one of the children evicted for nonpayment of rent. The housing authority has turned over the back rent to a collection agency.

No federal funds were lost because of this falsification but it delayed other qualified tenants in obtaining their housing.

RCW 42.22.040 states in part:

No officer or employee of a state agency, legislative employee, or other public officer shall use his position to secure special privileges or exemptions for himself or others.

RCW 42.20.040 states in part:

Every public officer who shall knowingly make any false or misleading statement in any official report or statement, under circumstances not otherwise prohibited by laws, shall be guilty of a gross misdemeanor.

RCW 9A.60.020 states in part:

- (1) A person is guilty of forgery if, with intent to injure or defraud:
 - (a) He falsely makes, completes, or alters a written instrument or;
 - (b) He possess, utters, offers, disposes of, or puts off as true a written instrument which he knows to be forged.
- (2) Forgery is a class C felony.

A special agent from the Department of Housing and Urban Development (HUD) investigated this situation. A report of investigation was issued in April of 1995. The Justice Department was notified and declined to prosecute so long as administrative measures (e.g., resignation or firing) were carried out.

This falsification was not noticed and corrected immediately because no one else at the housing authority reviewed tenant applications and supporting eligibility documentation.

We recommend the housing authority:

- a. Review tenant files to assure proper documentation of eligibility.
- b. Institute controls requiring more than one person approve eligibility documentation.

We further recommend the Grays Harbor county Prosecutor review this issue and take whatever action is deemed necessary under the circumstances.

2. Internal Controls Over Receivables Should Be Improved

The Housing Authority has a policy of setting up formal repayment agreements for tenants owing substantial amounts of past due rents or damages. Once the repayment agreement is established the housing authority removes the amount due from the aged accounts receivable listing, the rent register, and the general ledger. As a result, the amount owed by the tenant is no longer shown on the financial statements of the housing authority.

The amount removed is not material to the financial statements of the housing authority but does represent a significant internal control weakness. Formal repayment agreements are only authorized by the public housing management director who also maintains sole control over the rent register and eligibility calculations. No one else at the housing authority tracks these agreements or reviews the work of the management director.

We recommend the housing authority:

- a. Report all amounts due in both an accounts receivable subsidiary ledger and in the general ledger.
- b. Have its repayment agreements reviewed and authorized by someone in addition to the housing management director.